

Lehigh Area School District
Lehigh, Pennsylvania
Finance Committee Meeting
Monday, January 9, 2016

Minutes

Present

- ☐ Andrew Yenser Present (via phone)
- ☐ Richard Beltz Present
- ☐ Stacey Duerst Present
- ☐ Brian D. Feick Present
- ☐ Tina Champ
- ☐ Jonathan Cleaver
- ☐ Gloria Bowman Present
- ☐ Stephen Holland Present
- ☐ David Krause Present
- ☐ Larry Stern Present
- ☐ Wayne Wentz Present
- ☐ Eric Filer, Solicitor Present

Recording Secretary- Melissa Wagner Present

George's Transportation Daily Run Bills for Approval (enclosure): Handout

No questions on the Transportation bill. All committee members and attending board members agreed to pay.

Health Care Presentation: Tim Sears, Consultant

Mr. Feick introduced Tim Sears and Dave Fisher, Health Care Consultants. Presentation was regarding the Shock Claim Protection for self-funded plan. No discussion on change in benefits or change in medical administrator or prescription vendor at this time. Current Stop Loss Protection is \$313.55 per employee per month at a cost of \$1,069,000 per year with the current consortium. Consultants have offered a market cost of \$231.48 (bound quote) per employee per month with a cost savings of \$280,000 per year with a market carrier rated at A+ or A. Current plan is based on exceeding \$60,000 on claims. Savings could be greater if district bears more risk at \$70,000 or \$75,000. In 2014, the District had \$282,420 over the 60K (\$82.87/employee).

In 2015, \$736,011 over the 60K (\$215.97/employee). So far in 2016, \$209,258 over the 60K (\$61.40/employee)—not completed. Risk over the last 3 years appears to be good and an independent company can offer a better rate. We should look to leave at the right time. Suggested dates of 3/1/17 or 7/1/17 if considering a move.

QZAB Presentation: PFM, Zachary Williard:

Mr. Williard presented the \$6.8 million borrowing with 4 scenarios. QZAB loans are not always interest free. District's current rate is 1.5%. At this time, current QZAB interest rates are between 2.00% and 2.25%. The QZAB would need to be issued by the end of this year. The district would layer on this newest QZAB. QZAB can be paid back up to 32 years, Mr. Williard presented a 27 year pay back. Mr. Williard also presented 15-year bank loan scenarios. There is also \$2,000,000 from TD Bank that has been borrowed and not spent. Pennsylvania Department of Education will pay in a lump sum of \$800,000 at some time on the \$2,000,000 through PlanCon. TD Bank, at this time, is offering up to a 15-year loan at .25% interest rate, lower than the bond market. Buyers of QZAB get a tax credit as a benefit. Not asking for any decisions tonight, just bringing the information to the board.

Mr. Feick feels that the only way this would work is if we get the .25% coupon on a 15-year bank loan and we also put any sale of fixed assets towards paying down debt or put into a debt service fund to offset the \$100,000 or so for the first few years and then decreasing our debt after the 15 years. We want to keep our debt around 1.46 million net payment per year. The better market right now is the bank market.

Mr. Krause asked what the timeline is on decisions. Mr. Williard will put a timeline together and come back to the next meeting with more information if you'd like to move more quickly.

Mr. Beltz said that we should "jump on" the low rates. Doesn't see it getting much better.

Mr. Williard will prepare a presentation for the Finance and Workshop meeting on Monday, February 13, 2017.

Open Discussion: None

Meeting adjourned at 7:00 p.m.

Next Meeting Date: Monday, February 13, 2017, 6:00 p.m.

BDF/mfw